



County of San Diego

JOHN L. SNYDER
DIRECTOR
(858) 694-2233
FAX: (858) 268-0461

DEPARTMENT OF PUBLIC WORKS

5555 OVERLAND AVE, SAN DIEGO, CALIFORNIA 92123-1295

COUNTY ENGINEER
COUNTY AIRPORTS
COUNTY ROAD COMMISSIONER
TRANSIT SERVICES
COUNTY SURVEYOR
FLOOD CONTROL
WASTEWATER MANAGEMENT

June 19, 2000

Mr. Tony Garcia, Airports Compliance Specialist
Federal Aviation Administration
Western-Pacific Region, Airports Division
P.O. Box 92007
Worldway Postal Center
Los Angeles, CA 90009

Dear Mr. Garcia:

SAN DIEGO COUNTY AIRPORTS - FINANCIAL GOVERNMENT PAYMENT REPORTS AND NEW GILLESPIE FIELD ROADWAY

This is in response to your letter dated May 25, 2000 regarding payments made from our Airport Enterprise Fund to other governmental entities in county FY's 87/88 and 88/89. Additionally, you also requested information about the Marshall Avenue extension on Gillespie Field.

Discussion

The County Airport Enterprise Fund (AEF) is primarily supported from aviation and industrial park leases on Gillespie Field and McClellan-Palomar Airport. Although the county owns the airports we understand that restrictions in the deeds and grant assurances require that all proceeds derived from county airports are to be devoted to the development, improvement, operation or maintenance of our airport system.

All expenses that have been paid for by the AEF were for the sole purpose of improving the county airport system. AEF investment in industrial development around the airport was for the purpose of developing a long-term lease revenue stream to support aviation operations.

Financial Government Payment Reports

Payments to City of Carlsbad

In 1999 McClellan-Palomar Airport had over 250,000 operations and handled 150,000 passengers. It is the busiest airport in the county's airport system, and the busiest single runway general aviation airport in the country. During the last ten years a substantial amount of development occurred both on McClellan-Palomar Airport and in the surrounding area. Most of the property adjoining the Airport is now developed. The City of Carlsbad has required the developers of this surrounding property to improve the portions of El Camino Real and Palomar

Airport Road that abut their property. The majority of El Camino Real and Palomar Airport Road had been improved up to the airport boundary. The under-improved sections were beginning to severely impact the traffic flow around our airport.

In as much as the road improvements of all street frontages on the airport would directly benefit airport operations, we entered into an agreement with the City of Carlsbad for funding and construction of street improvements on El Camino Real and Palomar Airport Road. Pursuant to Paragraph 2. Future Contributions of the agreement "...all contributions to be paid by county under paragraph 2 shall be funded exclusively by revenue received by county from tenants at Palomar Airport held in County's Airport Enterprise Fund..."

The agreement with the City included widening Palomar Airport Road (approx. 6,226 feet) from El Camino Real westerly along the airport frontage, addition of a driveway to the Animal Shelter that is on airport property, construction of improvements on El Camino Real (approx. 3,450 feet) extending north from the intersection with Palomar Airport Road along the airport frontage. The construction also included undergrounding utilities, curbs, sidewalks, gutters, median landscaping and irrigation. A payment schedule for road improvements made to the City of Carlsbad is enclosed for your information (Attachment A). This agreement will expire in FY 2001/2002.

Payments to City of El Cajon and Gillespie Field Redevelopment Agency

According to County Counsel, in 1967 the County asked the U.S. Government for permission to develop surplus property on Gillespie Field for an industrial park. A release from the deed restriction was obtained. The Board of Supervisors approved a Resolution obligating the county to devote the proceeds derived from the leases to improvement, operation or maintenance of public airports in the County of San Diego. To further corroborate our understanding, your letter to us (dated August 24, 1982) stated "The Airport Enterprise Fund and the proceeds therefrom, applies to the entire number of airports the County of San Diego owns and operates. It applies to the entire system of airports; the monies and interest income generated by the Fund are to be used for the operation, maintenance and development of the entire airport system (Attachment B)." Consequently, we expended AEF revenues to construct improvements beneficial for the industrial park and the airport. Improvements would include many of the improvements planned by the Gillespie Field Redevelopment Project.

On several occasions County Airports has requested legal opinions from County Counsel regarding the legal use of airport enterprise fund revenue for funding nonaviation services such as industrial park development. They have determined that the AEF could be used to assist in redevelopment projects at Gillespie Field such as Marshall Avenue. Additionally, County Counsel has opined that proceeds from the AEF can be utilized to provide loans to the Gillespie Field Redevelopment Agency. It is important to point out that the Gillespie Field Redevelopment Project is completely within the existing borders of the airport.

The contributions itemized on the financial statements made to the City of El Cajon and the Gillespie Redevelopment Agency were for the Marshall Avenue Extension project. Pursuant to a Resolution approved on December 1, 1987, the Board of Supervisors approved all funds loaned by the Airport Enterprise Fund to the Redevelopment Project would be repaid including interest (Attachment C).

Mr. Garcia
June 19, 2000
Page 3

Marshall Avenue Extension

The County Board of Supervisors approved AEF and Redevelopment Agency participation in financing improvements to Marshall Avenue. The purpose of these improvements was to allow for development of 27.8 acres of aviation and industrial use land on the airport. Additionally, road improvements would enhance marketability of approximately 42 acres of commercial/industrial land at the northwest corner of Weld and Cuyamaca Street. The City of El Cajon contributed \$825,000, or one-fourth of estimated costs, and an Economic Development Administration Grant for \$1.6 million, or one-half of the estimated project costs, also provided funding for this project. In effect, Gillespie Field will benefit 100 % from the road improvement for only one-fourth of the cost of the project.

On April 27, 1998, we requested your approval for a road right-of-way easement to the City of El Cajon. We also informed you that Marshall Avenue is an airport street that is maintained by us (Attachment D).

The legal description contained in the Instrument of Release executed by the U.S. Government in 1967 is mapped on Attachment E. The extension of Marshall Avenue from its terminal point west to the intersection of Cuyamaca and Weld Boulevard, approximately 6.85 acres, is within the released area. Conversely, the old section of Marshall Avenue, approximately 14.57 acres, is outside the released area (Attachment F). It is our intention to formally ask for your approval to modify the existing boundaries.

Finally, we feel that we have made prudent business decisions to ensure the future stability of our non-revenue producing airports within the county airport system. The system is considered one of the most successful general aviation systems in the country. If you have any questions, please contact Robert A. Durant, Public Works Manager, Airports/Transit at (858) 874-4112.

Sincerely,

CHANDRA WALLER, Assistant Director
Department of Public Works

CW:RAD:dn

Attachments